

Message Text

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ACTION EB-03

INFO OCT-01 AF-04 ARA-10 EA-07 EUR-10 NEA-06 RSC-01 IO-03

ISO-00 L-02 FRB-01 OMB-01 TAR-01 SP-02 SWF-01 AGR-03

AID-05 CIAE-00 COME-00 INR-10 LAB-01 NSAE-00 OIC-01

SIL-01 STR-01 TRSE-00 CIEP-01 CEA-01 FEA-01 INT-01

SCI-03 DODE-00 PM-03 H-01 NSC-07 PA-01 PRS-01 SS-14

USIA-04 DRC-01 /114 W

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R 082150Z OCT 74

FM USMISSION USUN NY

TO SECSTATE WASHDC 6109

INFO USMISSION GENEVA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMEMBASSY MEXICO CITY

AMEMBASSY NEW DELHI

/AMEMBASSY CARACAS 401

C O N F I D E N T I A L USUN 3818

E.O. 11652: GDS

TAGS: EGEN, UNCTAD

SUBJ: (A) CHARTER OF ECONOMIC RIGHTS AND DUTIES

(B) OIL PRICES

1. AT DINNER WITH MEXICAN AMBS. CASTNEDA AND GONZALEZ-GALVEZ OCT. 7, THEY TOOK GLOOMY LINE ON CHARTER OUTLOOK. THEY MAINTAINED THAT IT, OR AT ANY RATE THE BULK OF IT, MUST BE DEALT WITH AT THIS SESSION UNGA SINCE, IN THEIR VIEW, ENVENOMING INTERNATIONAL CLIMATE MAKES LIKELIHOOD OF AGREEMENT ON SATISFACTORY CHARTER LESS AS TIME PASSES. THE ONLY HOPEFUL PROSPECT THEY SAW IS ADOPTION OF WHAT CAN BE AGREED AT THIS SESSION, DEFERRING TO LATER NEGOTIATION OTHER, DISAGREED PROVISIONS OF THE CHARTER.

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USDEL (SCHWEBEL) INDICATED THAT USG MIGHT BE PREPARED

TO CONSIDER SUCH AN APPROACH, PROVIDED PARTICULARLY THAT WHAT IS PUT TO UNGA FOR ADOPTION THIS SESSION IS REALLY AGREED. ON INQUIRY AS TO WHAT MEXICO SAW AS CHANCES FOR AGREEMENT ON COMPLEX OF NATIONALIZATION ISSUES CONTAINED IN ART. 2, CASTANEDA AFFIRMED THAT MEXICO WOULD ADHERE TO APPROACH OF BRILLANTES FORMULA, BUT DOUBTED THAT SOME MEMBERS OF GROUP OF 77 WOULD. AT G-77 MEETING OCT. 7, INDIA HAD INSISTED THAT FORMULATION ON NATIONALIZATION MUST TRACK THAT OF RESOLUTIONS OF SIXTH SPECIAL SESSION, GOING SO FAR AS TO REQUIRE MERELY "POSSIBLE" COMPENSATION IN CASE OF NATIONALIZATION. SCHWEBEL NOTED THAT IF G-77 TOOK THIS STAND, POSSIBILITY OF ADOPTING EVEN PART OF THE CHARTER BY CONSENSUS WOULD BE DOOMED. GONZALEZ GALVEZ ACKNOWLEDGED THAT BUT AT SAME TIME SAID THAT MEXICO COULD NOT CONSIDER ADOPTING AN ABBREVIATED CHARTER WHICH DID NOT DEAL WITH NATIONALIZATION ISSUES.

2. GONZALEZ GALVEZ PRESSED HARD FOR USG ACQUIESCENCE IN A PROVISION ON RESTITUTION FOR RAVAGES OF OCCUPATION ETC. HE INQUIRED WHETHER USG, IF IT COULD NOT ACCEPT SUCH A PROVISION IN THE CHARTER ITSELF, WOULD ACCEPT IT IN A UNGA RESOLUTION ADOPTING THE CHARTER, FOLLOWING THE PRECEDENT OF THE RESOLUTION ADOPTING THE CONVENTION ON PROTECTION OF DIPLOMATS WHICH HAD A CLAUSE ON WARS OF LIBERATION SCHWEBEL INDICATED HE DID NOT BELIEVE THAT SUCH AN APPROACH WOULD BE ACCEPTED BY USG. CASTANEDA REMARKED THAT MEXICO, FOR ITS PART, DID NOT EMPHASIZE RESTITUTION FOR COLONIALISM AS MUCH AS OCCUPATION; IT SOUGHT NOTHING FROM SPAIN; AND HE STATED THAT MEXICO HAD INFORMED GROMYKO THAT IT VIEWED SOVIET PRESSURE FOR RESTITUTION FOR COLONIALISM AS A COMMUNIST DODGE DESIGNED TO PERMIT THE DEVELOPMENT COMMUNIST WORLD TO ESCAPE WITHOUT MAKING ITS PROPER CONTRIBUTION TO ASSISTING THE DEVELOPING COUNTRIES. MEXICO DID, HOWEVER, BACK RESTITUTION FOR THE UNJUST ENRICHMENT OF OCCUPATION.

3. CASTANEDA MADE IMPASSIONED DEFENCE OF OPEC, WHILE ACKNOWLEDGING THAT USG COULD NOT BE EXPECTED TO ACCEPT A CHARTER PROVISION ENDORSING PRODUCERS' ASSOCIATIONS. HE DESCRIBED G-77'S SUPPORT OF OPEC AS "NOBLE" AND "PRINCIPLED",
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DEMONSTRATING THAT G-77 FELT DEEPLY THAT, FOR DECADES, WESTERN INDUSTRIALIZED STATES HAD BEEN EXPLOITING THIRD WORLD BY PAYMENT OF LAMENTABLY LOW PRICES FOR RAW MATERIALS. CASTANEDA SAID HE HAD TALKED WITH VENEZUELAN PRESIDENT PEREZ FIVE OR SIX DAYS AGO AT LENGTH; THAT PEREZ HAD INDICATED THAT VENEZUELA WAS NOT INSISTENT ON CURRENT LEVELS OF OIL PRICES AND COULD EVEN CONTEMPLATE A REDUCTION TO, SAY, A PRICE OF THE ORDER OF EIGHT DOLLARS A BARREL; THAT OF

COURSE A RETURN TO THE DAYS OF CHEAP OIL IS OUT; AND THAT A REDUCTION TO A LEVEL OF THE ORDER OF EIGHT DOLLARS COULD COME ABOUT ONLY AS A RESULT OF ESTABLISHING FAIR RELATIONSHIPS BETWEEN THE PRICES OF THE EXPORTS OF THE INDUSTRIALIZED STATES AND THE EXPORTS OF THE DEVELOPING STATES.

4. IN CONVERSATION WITH GHOSE (INDIA), GHOSE EMPHASIZED THAT INDIA WAS INSISTENT ON SUBJECTING NATIONALIZATION TO DOMESTIC LAW ONLY. SHE SAID THAT HERE CURRENT INSTRUCTIONS, WHICH WERE UNUSUALLY PRECISE ON THIS ISSUE, DID NOT PERMIT HER TO AGREE TO A FORMULA WHICH IMPORTED THAT A STATE WAS SUBJECT TO INTERNATIONAL AS WELL AS NATIONAL OBLIGATIONS IN ITS TREATMENT OF ALIEN PROPERTY INTERESTS.

5. MARTIN (SECRETARIAT) STATED THAT UNCTAD SECRETARIAT REMAINS OF VIEW THAT IT WOULD BE IRRESPONSIBLE OF MEXICO TO FORCE CHARTER TO A VOTE AT THIS SESSION OF UNGA. HE TRANSLATED MEXICAN VIEWS ABOUT WORSENING INTERNATIONAL CLIMATE AS MEANING THAT ECHEVERRIA'S PERSONAL STANDING IS EMESHED WITH EARLY ADOPTION OF CHARTER.
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